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ANNE MARIE LANGAN
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TO: Shawny DeBerry, Director
Municipal Parking Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director **ly.**

DATE: May 3, 2010

RE: 2010-2011 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2010-2011 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Thursday, May 6, 2010 at 2:30 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Council Members
Council Divisions
Auditor General's Office
Norman White, Chief Financial Officer
Pamela Scales, Budget Director
Terri Wilson, Budget Department Team Leader
Kamau Marable, Mayor's Office

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Municipal Parking (34)

FY 2010-2011 Budget Analysis by the Fiscal Division

Summary

The Municipal Parking Department (MPD) is comprised of two divisions: The Auto Parking and Arena System (APS) and the Parking Violations Bureau (PVB). The APS is an enterprise fund division and is responsible for planning, supervising, operating and maintaining the City's Auto Parking and Arena Systems. The PVB is a general fund division and is accountable for enforcement of on street parking ordinances within the City of Detroit and the processing and collection of parking violation notices.

The Mayor's 2010-2011 Proposed Budget includes appropriations of \$23,960,651 for the MPD, which is a decrease of \$13,947,082 (or 36%) from fiscal year 2009-2010 budget of \$37,907,733. The proposed budget also includes revenue of \$27,863,031, which is a decrease of \$14,967,402 (or 34.9%) from fiscal year 2009-2010 budget of \$42,830,433. Total revenue is expected to exceed expenses by \$3,902,380; however, it should be noted that the MPD revenue includes an advance of \$6,947,242 from the General Fund.

2009-2010 Surplus/(Deficit)

The estimated deficit in the MPD for FY 2009-2010 is \$1,408,000, which is composed of an appropriation surplus of \$1,592,000 and a revenue deficit of \$3,000,000.

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<u>Budgeted Professional and Contractual Services by Activity</u>	<u>FY 2009-10 Budget</u>	<u>FY 2010-11 Recommended</u>	<u>Increase (Decrease)</u>
Automobile Parking Division	\$ 4,361,300	\$ 2,060,280	\$ (2,301,020)
Parking Violations Bureau	<u>3,536,134</u>	<u>3,657,000</u>	<u>120,866</u>
Total	\$ 7,897,434	\$ 5,717,280	\$ (2,180,154)

Overtime

The Mayor's 2010-2011 Proposed Budget includes \$52,000 for overtime in the MPD. For fiscal year 2009-2010, budgeted overtime is \$51,000. As of March 31, 2010, the MPD has expended \$26,701 or 47.6% of the fiscal year 2009-2010 overtime budget.

Employee Turnover Savings

The Mayor's 2010-2011 Proposed Budget does not include any employee turnover savings from the Municipal Parking Department.

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FY 2010-2011 Budget Analysis by the Fiscal Division

Proposed Layoffs and Position Changes

The Mayor's Proposed Budget for 2010-2011 does not include any layoffs. The Mayor is proposing a reduction of five positions in APS and six positions in the Parking Violation Bureau.

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2009-10</u>	<u>Filled Positions 3/31/2010</u>	<u>Mayor's Budget Positions FY 2010-11</u>	<u>Over/(Under) Actual to 09/10 Budget</u>	<u>Mayor's Recommended Turnover</u>
Municipal Parking (34):					
340080 Violation Bureau Gen. Ofc. & Audits	5	5	56	0	\$ -
340090 Enforcement Unit	57	49	0	(8)	\$ -
00102 Parking Violations Bureau	62	54	56	(8)	\$ -
340010 Administration	21	18	18	(3)	\$ -
340020 Maintenance	14	11	12	(3)	\$ -
340040 Meter Maintenance	6	6	6	0	\$ -
340050 Meter Collection	11	11	11	0	\$ -
04108 Operation & Maintenance	52	46	47	(6)	\$ -
34XXXX Leave of Absence		1			\$ -
34XXXX Worker's Compensation	0	(1)	0	(1)	\$ -
34XXXX Unmatched	0	1	0	1	\$ -
TOTAL	114	100	103	(14)	\$ -

Significant Changes in Funding by Appropriation

<u>Appro</u>	<u>Program</u>	
04108	Operation and Maintenance	The appropriation for Operation and Maintenance decreased \$7,401,161. This decrease is the result of a reduction in salary cost of \$424,034, contractual services of \$2,301,020, transfers to the operating fund of \$3,792,502, and a decrease in other expenditures of \$883,605.
04111	Parking System Programs	The appropriation for Parking System Programs decreased by \$2,600,825 because of a decrease in the contingencies.

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FY 2010-2011 Budget Analysis by the Fiscal Division

06243	Repayment of Revenue Bond	The appropriation for the Repayment of Revenue Bonds decreased \$2,761,063.
06244	Trustee and Contingency Reserve	The appropriation for Trustee and Contingency Reserve decreased \$771,453.
00102	Parking Violations Bureau	The appropriation for Parking Violations Bureau decreased \$412,580.

Significant Revenue Changes by Appropriation

<u>Appro</u>	<u>Program</u>	
04108	Operation and Maintenance	Operation and Maintenance revenue decreased \$3,792,502 due to a reduction in transfers from other funds.
05976	Auto Parking Operations	Auto Parking Operations revenue decreased \$9,742,000. The decrease is the result of a reduction in parking facilities revenue of \$5,447,000, a decrease in Arena Operations revenue of \$4,363,000 and earnings on investments of \$322,000. These decreases are partially offset by an increase in on street meter collections of \$210,000 and CBD Lot revenue of \$180,000.
00102	Parking Violations Bureau	Parking Violations Bureau revenue decreased \$1,432,900. The decrease is a result of a decrease in parking fines of \$1,423,900 and a decrease in parking fine refunds of \$9,000.

Municipal Parking (34)

FY 2010-2011 Budget Analysis by the Fiscal Division

Issues and Questions

1. The Debt Service Schedule for the 1998A and the 1999A Parking and Arena System Revenue Bonds show a debt service requirement for 2010-2011 of \$1,707,517.50 and \$2,110,171.00 respectively, for a total debt service requirement of \$4,417,688.50. However the 2010-2011 proposed budget shows only \$1,655,801 budgeted for debt service. Why?
2. Joe Louis Arena revenue and related concession revenue are budgeted to decrease \$4,435,000. Is there a plan for what to do with the Joe Louis Arena once Olympia Entertainment is no longer running the facility?
3. Why is revenue from parking fines and parking fine refunds budgeted to decrease \$1,432,900?
4. Why are transfers from other funds expected to decrease?
5. What makes up the category of contingencies that is decreased by \$3,372,278?
6. Why are contract services budgeted to decrease \$2,221,954?
7. The Mayor's 2010-2011 Proposed budget shows a decrease from 10 to 7 parking garages. What other garages, besides the Joe Louis Arena Garage and the Cobo Garage does MPD anticipate closing, selling or otherwise losing?